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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

COUNTRY Germany (Russian Zone)

DATE: 25X1

SUBJECT Soviet A.G. Subsidized by
Saxony-Anhalt

DIST. 24
29 September 1947

ORIGIN

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SUPPLEMENT

DISTRIBUTION

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1. The Mansfeld'sche Kupferschieferbergbau A.G. was by far the leading copper producer in pre-war Germany. It had always operated at a loss and received large subsidies from the government. With the collapse of the Nazi regime these subsidies were discontinued. When copper production was resumed, the Central Administration of Industry requested a price increase for copper so that subsidies would no longer be required. This request was refused by the SMA on the grounds that it would require an avalanche of increases in all sorts of industrial products dependent on copper. [redacted] that the SMA decision was influenced by the fact that 80,000 tons of refined copper were shipped to Russia as reparations and credited at the low price based on subsidies. 25X1
2. In the summer of 1946 this enterprise became a Soviet AG. Production has increased and, with it, losses have mounted to a rate of 38,000,000 RM per year. The government of Saxony-Anhalt has been instructed to cover this deficit by subsidy. The German authorities are considering proposals for spreading the subsidy proportionately over all the states of the Russian Zone. The SMA refuses to regard the subsidy as reparations.
3. The German authorities fear that, if they refuse to raise the subsidy the SMA will dismantle the plants and ship them to Russia. Some circles have recommended an appeal to the Allied Control Council for a price increase for copper, [redacted] it unlikely that any government official in the Russian Zone will defy the SMA by such a step.

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NO CHANGE in Class.
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CLASSIFICATION

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

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